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# The Peruvian Cocaine Industry

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A Research Paper

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# **The Peruvian Cocaine Industry**

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This paper was prepared by [ ] Office of  
Global Issues; [ ] Office of African and Latin  
American Analysis; a [ ] Office of  
Imagery Analysis. It was coordinated with the  
Directorate of Operations [ ]

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**The Peruvian  
Cocaine Industry****Summary**

*Information available  
as of 28 February 1985  
was used in this report.*

The Peruvian drug trade is a dynamic industry that exerts a powerful economic and political influence throughout the country. The adaptable nature of the trade and the Peruvian trafficker's ability to respond quickly to changing market conditions have contributed to Peru's steady growth into the world's leading producer and exporter of illicit coca products. We estimate that in 1984 some 130,000 to 180,000 hectares were planted to coca, and all indications point to continued expansion of coca cultivation and increasing sophistication within the industry.

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The Peruvian Government faces formidable obstacles in controlling the drug trade. Together, these obstacles act to dampen government fervor and foster a negative, defeatist attitude among government officials. Among the more significant barriers to drug control are:

- The hardness of the coca bush.
- The power of the traffickers.
- The difficulty in enforcing drug laws in remote and inaccessible areas.
- Lack of strong public support.
- Institutionalized corruption.
- Military reluctance to participate in drug enforcement.
- Limited resources available for drug control.
- The perception among some officials that strong action against coca growers would be politically unacceptable.

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Although imposing, these hurdles are not insurmountable. There are a number of low-risk and inexpensive steps the government could take that would bring a measure of success, such as organizational and personnel changes, legal and judicial reform, and increased training and upgrading of police personnel. The United States supports Peruvian drug control efforts, which combine eradication, interdiction, and economic development into a comprehensive and coordinated program. The focus is on the Upper Huallaga River Valley, a major coca-producing region. The program has made some progress despite initial logistic problems, poor planning, mismanagement, and recent violence by traffickers against counternarcotics personnel.

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Any real chances for curbing the drug trade will lie with the successor to the Belaunde administration. The front-running candidate, Alan Garcia of the center-left American Popular Revolutionary Alliance, has assured US officials that if elected he will continue bilateral cooperation in narcotics control. Garcia plans to launch an investigation of government antinarcotics organizations and projects and to seek a new law providing stiffer

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penalties for use and trafficking. He has also proposed an approach to the coca problem that emphasizes land reform and crop substitution rather than eradication and enforcement [REDACTED]

As long as the government faces serious economic and insurgent challenges, we believe that, despite good intentions, narcotics control will continue to receive low priority in Lima. This could change if drug abuse among the elite increases, if traffickers attack more and higher level government narcotics control officials, and particularly if the government suspected that traffickers had entered cooperative arrangements with the insurgent Sendero Luminoso. Although Sendero Luminoso leader Guzman says he opposes such arrangements, lower level leaders may find them an attractive way to obtain money for guns and operations [REDACTED]

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## The Peruvian Cocaine Industry

### Introduction

Peru has emerged during the last decade as a leading producer and exporter of illicit coca products. Once a small legal industry that supplied coca for domestic leaf chewers, coca production and processing have grown into a major illegal business that employs thousands of Peruvians in cultivation, production, and trafficking of coca leaf and its derivatives—paste, base, and cocaine hydrochloride. We estimate that Peru produces about 70 percent of the coca leaf harvested in South America.

Coca cultivation in Peru has expanded rapidly since the mid-1970s, and we estimate it now totals some 130,000 to 180,000 hectares. This estimate,

represents a two- to three-fold increase over 1983-84 official US estimates of Peru's coca cultivation. At present, processing inefficiencies limit the cocaine produced from this large hectareage to about 100 metric tons a year. Traffickers, however, are developing techniques to overcome these problems. Continued development in the processing and trafficking sectors of the Peruvian coca industry, combined with sustained crackdowns in Colombia, could make Peru the new hub for South America's cocaine trade.

### The Nature of the Problem: A Dynamic Industry

Peru's coca industry is a dynamic and growing business that adapts easily to change and exerts strong political and economic influence throughout the country. In some towns and villages the coca industry is the dominant employer, and drug traffickers possess the economic clout to mobilize farmers and laborers quickly to increase supplies of basic coca products. Analysis of recent aerial photography indicates that substantial land-clearing operations are under way in the Upper Huallaga River Valley, a major coca-growing region. We conclude that most of the newly cleared land will be used for coca cultivation. We also see signs that Peru's drug traffickers are expanding their operations beyond the primary coca production

phase to include cocaine processing and distribution outside Peru. The industry is changing rapidly, and, as a result, present drug control programs may be ineffective.

**Cultivation.** Coca is a perennial bush whose cultivation has spread from a few traditional growing areas into virtually every administrative department in Peru. Formerly limited to the Cusco and Puno Departments, cultivation has spread in response to the rapid growth of an export market for cocaine. Approximately 80 percent of the coca is grown in four departments; Cusco, Huanuco, Ayacucho, and San Martin. In addition to the profitability, the toughness and adaptability of the coca bush contribute to its attractiveness to farmers and compound the problem for counternarcotics programs. Coca will grow in rugged areas with poor soils and does not require fertilizers or pesticides to produce a good crop. Once established, it is relatively maintenance free. Coca is grown by a variety of farmers and laborers, including:

- Independent campesinos (peasants) who work family-owned plots.
- Campesinos hired to work in trafficker-owned fields.
- Migrant campesinos who have occupied vacant, undeveloped public and private land.
- Tenant farmers who grow coca in return for a place to live and the use of the land.

Field observations indicate that campesinos in the traditional growing areas use their better land for legitimate agriculture such as coffee, tea, citrus, corn, and yucca and their marginal land for coca. In the newer cultivation zones, coca is grown as the principal crop, and food crops are grown to feed the workers. Although the prevalent cultivation practice is to plant coca in separate fields, some intercropping of coca with legitimate crops takes place.

10 percent of Peru's coca is

<sup>1</sup> See appendix A for information on estimating yields.

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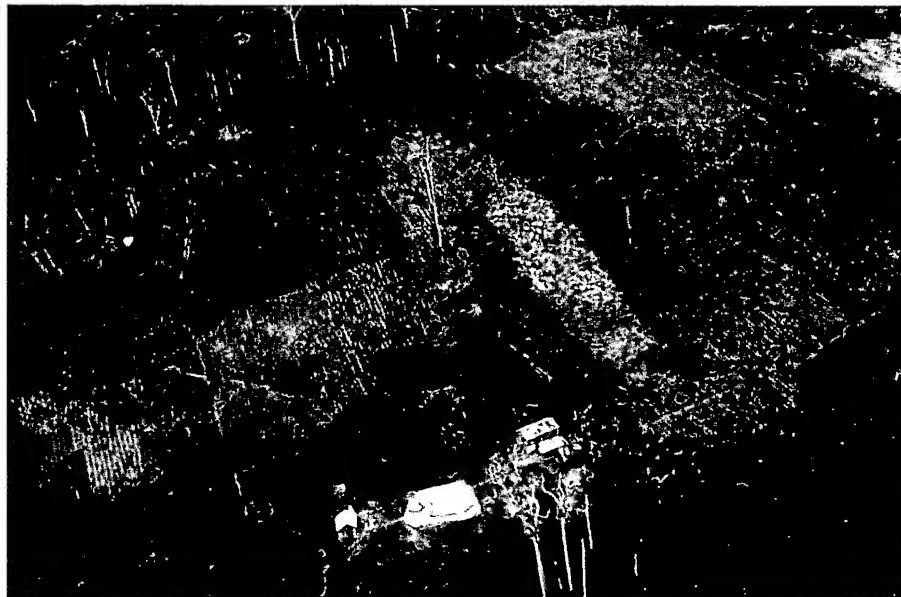
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**Figure 1. Upper Huallaga  
River Valley Cultivation**  
Upper left: Coca fields in various stages of maturity  
Lower left: Well-tended coca field  
Upper middle: Recently harvested coca  
Upper right: Peasant drying coca leaves  
Lower right: Infrared photo of coca field

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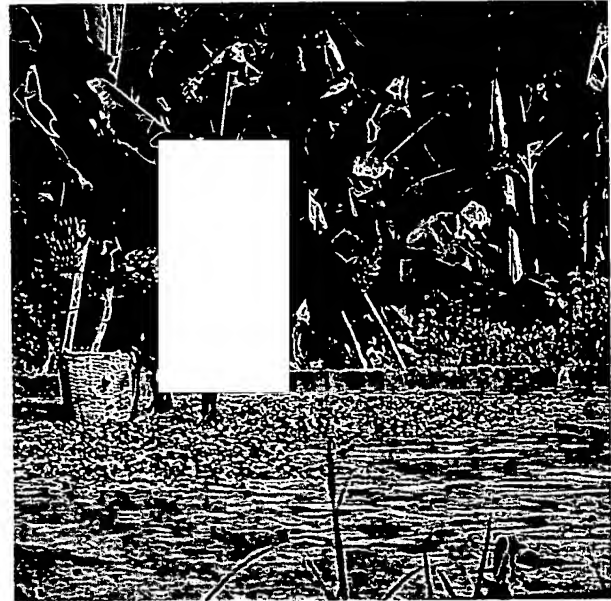
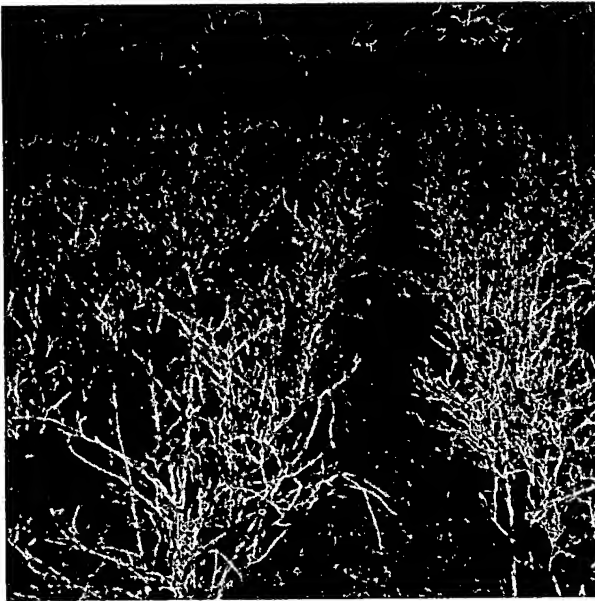


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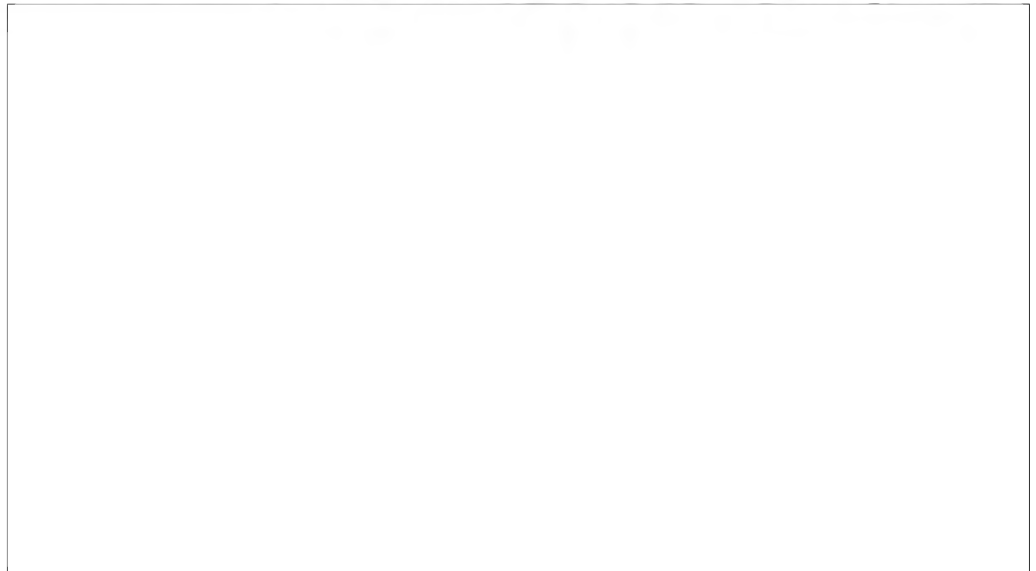


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grown under jungle canopy—as much as 50 percent in some regions. Both intercropping and growing under canopy make detection by drug enforcement officials more difficult. [ ] 25X1

In the traditional cultivation method, coca seeds are sown in a seedbed, and the young bushes are transplanted after two to four months into fields that average about .5 hectare in size. In the Upper Huallaga River Valley, farmers have developed a new propagation method using cuttings from established plants—a technique that substantially shortens the time to harvest. Coca can be harvested three to four times a year, beginning as early as three months if the plant is from a cutting or 14 months if it was raised from seed. The plant's leaves, which contain the cocaine alkaloid, are stripped from the bushes by hand. Bushes survive for as long as 20 years, but yield and alkaloid content diminish with age. [ ]

**Processing.** Coca growers have developed a number of uncomplicated techniques and equipment to prepare their harvests for market. Leaves are placed in a bin, screened, and spread out to dry, reducing their weight and making them easier to transport. The drying surface can be anything—a cement patio, a tin roof, the side of a paved road, or a tarpaulin. The more sophisticated organizations now use elaborate drying barns to assure more even curing of the leaf, which cuts the loss of the cocaine alkaloid. The dried leaves are pressed into bales for transport to markets, collection points, or processing sites. At the processing site, the leaves are converted into a chalk colored paste using a rudimentary method and readily available ingredients such as kerosene. Conversion of the paste to cocaine base and cocaine hydrochloride (HCL) is somewhat more complicated and requires industrial chemicals such as ether, acetone, and hydrochloric acid. At this stage, the process ceases to be a cottage industry, and outside organizations become more important. [ ] 25X1

**Marketing.** Economic interplay between trafficker and grower has drawn entire communities into the netherworld of the international drug trade. The independent campesinos and traffickers have developed a variety of marketing arrangements for coca leaf. Among the more common are:

- The growers bring the coca to local collection points where it is sold to the highest bidder.

- A broker purchases the coca crop in advance and arranges for transportation and delivery.
- Traffickers who own their own fields hire laborers to plant, cultivate, protect, and harvest the crop and then process the product on site.
- Brokers provide the farmers with the seeds, fertilizers, and tools to grow the crop in return for a percentage of the harvest. [ ] 25X1

In southern Peru along the shores of Lake Titicaca, drug traffickers have co-opted numerous small, isolated villages to the extent that the villagers are almost totally dependent upon the drug trade for their livelihood. By giving the villagers a stake in preserving the illicit trade, traffickers enhance their operational security and greatly complicate local enforcement efforts. In one community, lookouts were posted outside the village and traffickers were warned of approaching strangers or police through a system of coded whistle blasts and flags. [ ] 25X1

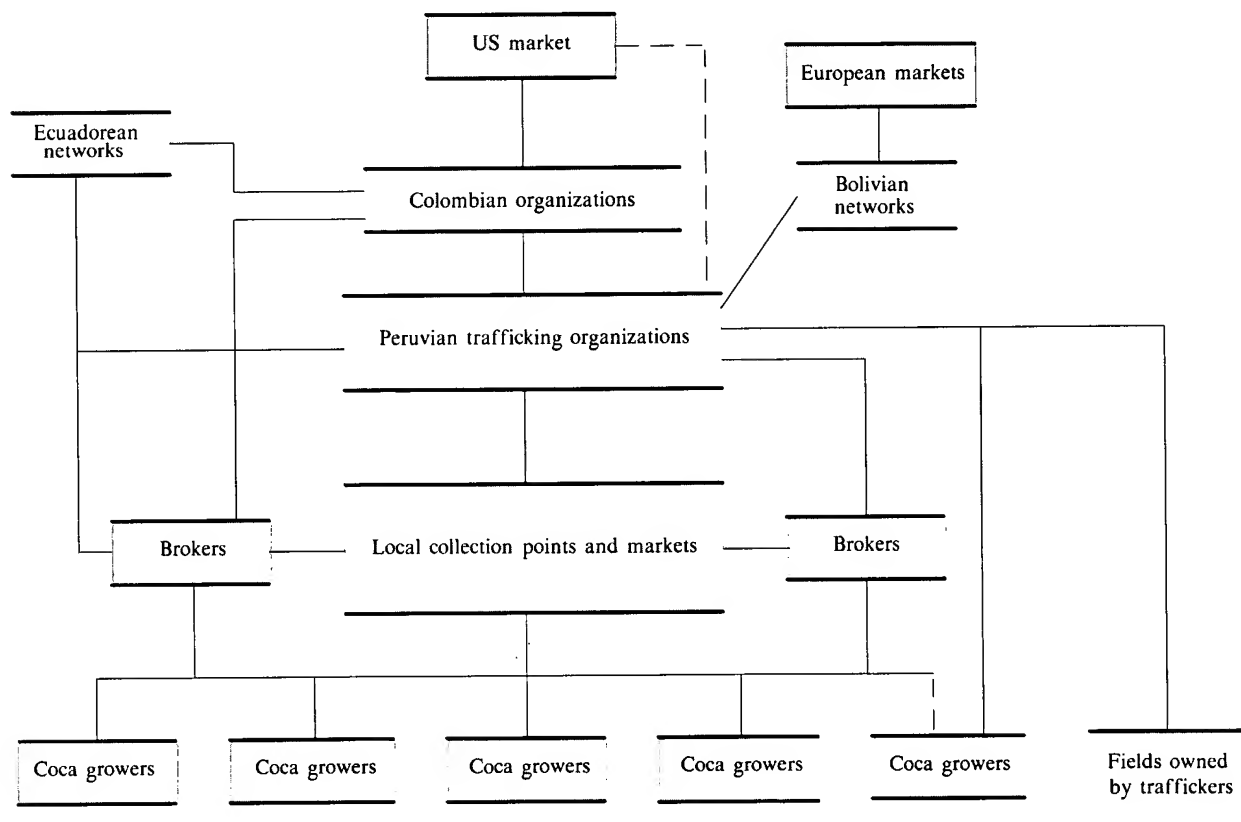
**Trafficking Organizations.** What little we know about the Peruvian trafficking organizations leads us to conclude that they are formidable adversaries—better organized, better funded, more tightly controlled, and can command more obedience from their members than the government forces arrayed against them. The available information suggests the Peruvian organizations resemble the Colombian crime families—extended family networks with numerous compartmented sections devoted to carrying out specific functions, such as transportation, security, false documentation, supervision and hiring of couriers, and laboratory operations. Loose associations between trafficking groups exist, and territories are staked out and grudgingly respected. By Colombian standards, the Peruvian organizations, although growing stronger and more sophisticated, are still in their infancy. As a result, they are unable to compete head to head with the more violent and powerful Colombian and Bolivian networks. [ ] 25X1

Some Peruvian narcotics organizations nonetheless are developing their own cocaine hydrochloride refining, transportation, and marketing structures. Several cocaine trafficking networks run by Peruvians now

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**Figure 2**  
**Cocaine Marketing Structure**



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operate in the United States and Western Europe. In mid-April 1984, Peruvian Investigative Police cooperating with the US Drug Enforcement Administration (DEA), Interpol, and Scotland Yard broke up a cocaine hydrochloride operation in Callao, Peru's largest port. The Peruvians arrested several couriers who confessed that the group ran a worldwide operation out of Callao using local Cuban refugees to carry cocaine.

The recent seizure of Peruvian-refined cocaine hydrochloride in Florida is further evidence that Peru's traffickers have developed cocaine processing and marketing network.

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**Trafficking Infrastructure.** The traffickers have a clear operational advantage over the government. In areas with little or no government presence, they have integrated the rivers, roads, trails, and airfields into an intricate and operationally secure transportation network. Major trafficking organizations can acquire any kind or quantity of aircraft, boat, or other equipment, including arms, needed to protect their trafficking infrastructure. Financially strapped Peruvian enforcement officials, by contrast, have virtually no capability to monitor air activity and few boats or aircraft for surveillance or interdiction [redacted]

In southern Peru, traffickers use both land and air routes to move the coca paste and coca base to collection points at Lake Titicaca from where the products move via traditional smuggling routes across the lake in boats and hydroplanes to Bolivia. The Madre de Dios River, another traditional smuggling route, is also used by the drug traffickers to move coca products from southern Peru to Bolivia. The coca products produced from leaves grown in central Peru's San Martin, Huanuco, and Pasco Departments typically are flown out, often from clandestine airfields, to the northeastern Peruvian city of Yurimaguas or to the border towns of Tabatinga, Brazil, and Leticia, Colombia. Coca products from this region are also carried on the thousands of kilometers of navigable tributaries of the Amazon River. The products are smuggled from the processing areas to the river ports of Iquitos, Pucallpa, Yurimaguas, and Tingo Maria, where they either continue downriver or are loaded on aircraft for shipment to processing countries. Most of the coca products from Peru's Cajamarca and La Libertad Departments in northwest Peru are transported to coastal ports for shipment to processing countries. [redacted] 25X1

Drug traffickers operating in Peru commonly use aircraft to carry coca products from the growing areas to cocaine-processing facilities. A search of Peru's illicit coca-growing areas [redacted]

[redacted] located 64 previously unidentified airfields (see foldout map at end). Available information indicates 34 of these airfields are unregistered, and we believe they are used exclusively by drug traffickers. The other 30 airfields are probably used for both local commerce and drug smuggling. Embassy reports indicate that drug traffickers have constructed numerous additional airfields [redacted]

[redacted] A recent survey of

the Upper Huallaga River Valley by the Peruvian Government identified about 60 clandestine airfields used by drug traffickers. Such clandestine airfields are relatively easy to construct. They usually have graded earth or sod surfaces and vary in length from 350 to 1,250 meters. Coca products may also be carried as cargo or by couriers at some of the registered 227 civil airfields [redacted]

We have not identified any clandestine drug transshipment points along Peru's rugged coast. The coast typically has rocky shores backed by cliffs, and waves and breakers common to the area make loading ships outside of ports or protected harbors hazardous. Traffickers do, however, smuggle coca products aboard small vessels at ports along Peru's La Libertad and Ancash coasts and then transfer these products to oceangoing vessels at the Peruvian port of Salaverry. [redacted]

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#### Drug Control Programs

The United States has supported Peruvian drug control efforts since 1978. Peruvian drug control policy seeks to combine eradication, interdiction, and economic development into one comprehensive and coordinated program. This strategy is being tested in the Upper Huallaga River Valley where three US-financed projects are under way [redacted]

The eradication aspect of the strategy has been delegated to the Coca Eradication and Control Organization for the Upper Huallaga River Valley (CORAH). CORAH was established in 1982 and is administered by the Ministry of Agriculture. CORAH selects fields for eradication on the basis of government records identifying illegal cultivation but also eradicates coca for farmers when requested. At first CORAH officials had to eradicate the coca manually—a difficult and time-consuming task that takes 30 to 40 workers one day per hectare. In late 1983, CORAH workers started using the herbicide 2-4-D, which eased the physical demand on the workers and reduced manpower needs to eight workers per day per hectare. CORAH eradicated about 700 hectares of coca in 1983, 3,100 hectares in 1984, and hopes to eradicate 6,000 hectares in 1985 [redacted]

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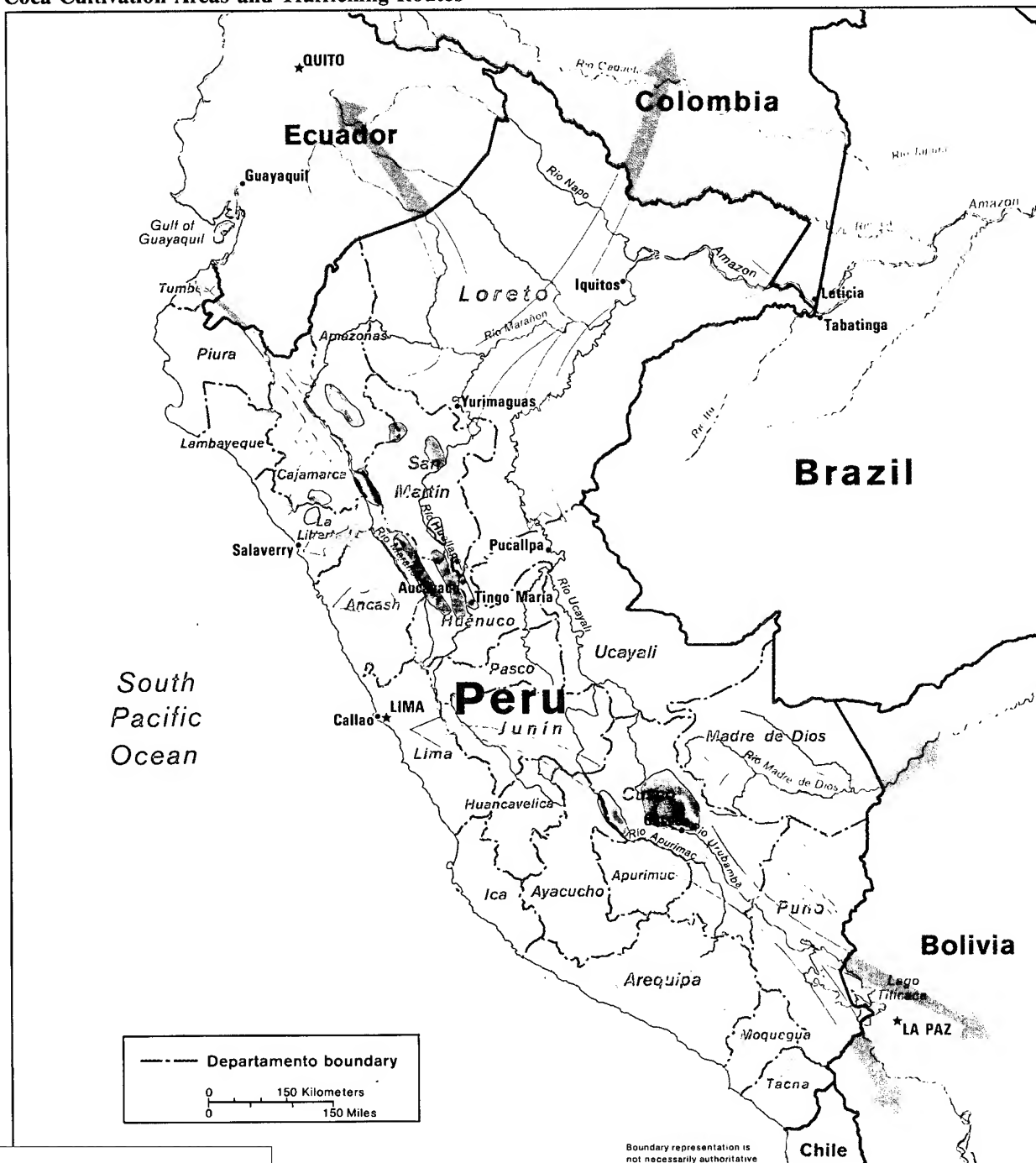
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**Figure 3**  
**Coca Cultivation Areas and Trafficking Routes**



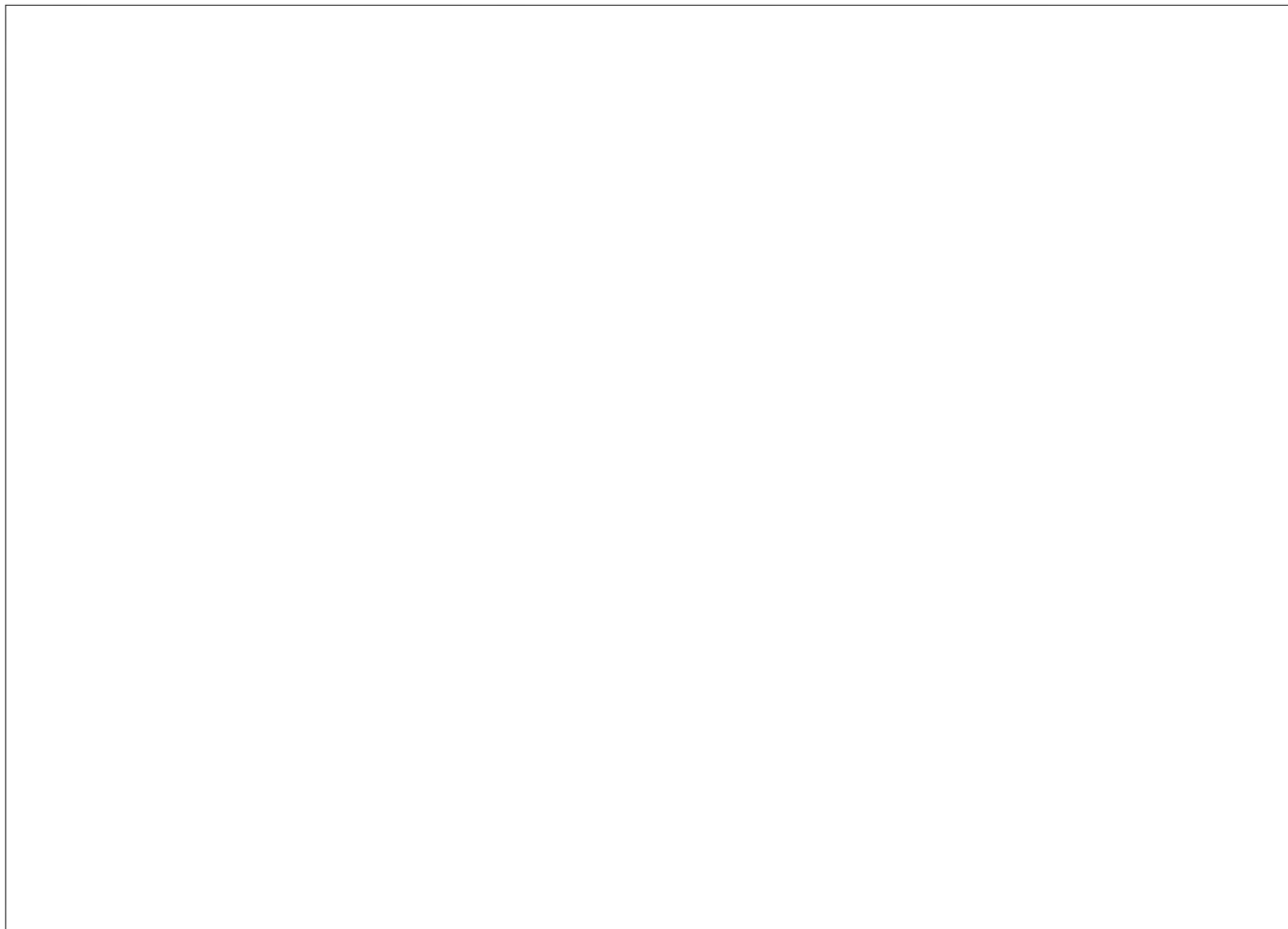
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Working closely with CORAH is the USAID-administered Special Project for the Upper Huallaga (PEAH) located in the town of Aucayacu. The \$18 million program was signed in September 1981 and is an agricultural and rural development project specifically designed to complement the government's coca control programs. PEAH is working with Peru's National Institute for Agrarian Research and the National University of the Jungle to make the region's economic structure less dependent upon coca. Among the project's activities are:

- Implementation of a program of agricultural research to determine the agronomic, economic, and socioagricultural feasibility of agricultural technology packages.
- Expansion and upgrading of existing extension services by the National University of the Jungle.
- Improvement of the valley's transportation infrastructure and provision of potable water and sanitation systems to selected rural communities within the project area.

- Encouragement of private-sector investment in industries important to the valley's agricultural development, such as cotton gins, milk-processing plants, and rice mills [redacted] 25X1

Interdiction and enforcement are run by an elite unit of Peru's Civil Guard established in March 1981 and headquartered in Tingo Maria. The Mobile Rural Patrol Unit (UMOPAR) has a planned complement of 300 men and is responsible for the control of coca production and trafficking and the provision of security for CORAH and PEAH workers [redacted] 25X1

These programs have made some progress in the valley despite a number of imposing hurdles, including logistic problems caused by the region's difficult terrain; climate—especially heavy rainfall—and poor

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***The Upper Huallaga River Valley:  
Showcase of the Coca Boom***

*The Upper Huallaga River Valley, located in the Departments of Huanuco and San Martin in central Peru, is the source of about half of Peru's coca leaf. Almost all of the 50,000 tons of leaf grown there is destined for illicit use. Coca's profitability, the region's isolation and economic underdevelopment, a weak government presence, and an ideal climate for growing coca—humid, with temperatures in the 18- to 20-degrees centigrade range—all have contributed to the valley's rapid development as the country's principal source of illicit coca. The valley is conveniently located as a source of quality coca leaf for many Ecuadorean and Colombian traffickers.*

*The town of Tingo Maria personifies the coca boom. Once a sleepy jungle village, the town bursts with energy and exhibits all the characteristics of a town enjoying newfound wealth. All kinds of consumer goods are available in the market, from motorcycles and electrical appliances to stereos and cars. New hotels have sprung up, businesses have expanded, and foreign tourists have made Tingo a stop on their itinerary. Almost everyone benefits from the illicit coca trade—farmers, businessmen, bankers, shopkeepers, even the Civil Guard's special antinarcotics force, all of whom participate in the town's coca-based prosperity.*

*The valley's inhabitants take good care of their primary source of wealth. Coca fields are well tended, and the use of fertilizers, herbicides, and pesticides is common. Farmers have developed better propagation and cultivation methods, taking cuttings from two-*

*year-old plants and planting them in rows only 1 meter apart. The new technique shortens the coca plant's growing cycle, permitting harvesting after three months rather than the usual 14 to 16 months, without any apparent loss in quality. This cultivation method also can be used by the farmer if he decides to plant the coca under a jungle canopy to avoid detection of his activities from the road, river, or air by government forces.*

*The valley's dependence on the coca trade is likely to endure, given the region's economic underdevelopment. Some legitimate crops—tea, yucca, citrus—are cultivated in the valley, but soil and climatic conditions generally are not favorable to the cultivation of marketable crops. The region has only one major road—the Carretera Marginal—which is sufficient for the traffickers' transport purposes, but cannot adequately serve the needs of any possible competitive export economy. Legitimate crops cannot compete with the economic benefits gained from coca cultivation. farmers in the Upper Huallaga region currently earn up to \$100 from a hectare of coca compared with \$10 from a hectare planted in rice or corn. Other impediments to the development of a legitimate agricultural economy are the outdated agricultural techniques used by many farmers in cultivating traditional cash crops, the lack of adequate farm credits, financing and development assistance for the region, and the flight of technically qualified personnel from the area to the cities.*

*infrastructure; increasing insurgent- and trafficker-related violence; poor planning and mismanagement in the early days of the programs' existence; and trafficker-inspired, anti-US sentiment and resistance to the programs by some coca growers*

*difficulty in attracting qualified personnel to work in the region, and UMOPAR suffers from a lack of material resources—such as aircraft, river patrol boats, and spare parts—and mechanics to keep their equipment in good repair. Increased violence by traffickers will compound the problems of all counternarcotics programs*

*Personnel changes and increased experience have taken care of many of the initial problems of poor planning, incompetence, and lack of cooperation among the agencies involved. There is still some*

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affected drug enforcement in the valley. According to the US Embassy, the military is permitting the Civil Guard to provide protection for coca eradication teams but has only recently allowed them to resume drug interdiction operations [redacted]

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#### Obstacles to Effective Control

The Peruvian Government is at a distinct disadvantage vis-a-vis the coca industry both in resources and public support. Although the Belaunde government has frequently asserted its determination to address the problem, resource allocations indicate narcotics control in terms of the current national priorities consistently ranks well behind consideration of worsening economic problems and the growing insurgent threat. In addition, previous administrations' efforts have been directed more at interdiction than eradication and control, in deference to the latter's potentially greater economic and political consequences. Any future progress on the antinarcotics front ultimately will depend on government willingness and ability to commit scarce resources to the fight, implement unpopular control measures, and tackle the obstacles discussed below [redacted]

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**Resource Constraints.** Serious financial difficulties have limited government antinarcotics efforts and probably will continue to do so regardless of the commitment of the next administration. For example, the central government debt service will require 40 percent of the national budget in 1985, leaving little for anything but military and core social programs. Peru's economic ills not only limit the government's financial ability to wage a war on drug traffickers, but also contrast sharply with the perceived economic benefits of the coca trade. Large amounts of money from the local drug trade are reported to be entering the Peruvian banking system; [redacted]

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[redacted] Peru has become a money laundering center for both foreign and domestic traffickers. Although the exact amount of drug money that annually flows into the Peruvian economy is unknown, we believe it is probably significant enough to make at least some government officials think twice before cracking down on the illicit industry while the country is in the midst of a major economic depression [redacted]

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Two fundamental problems continue to bedevil Peru's enforcement effort in the Upper Huallaga River Valley:

- Coca's ability to thrive on marginal land, in contrast to most licit crops, will be a major obstacle to the agricultural development of the valley. PEAH estimates that 80 percent of the valley's coca is grown on land unsuitable for key agricultural crops (cacao, corn, rice, and soya), making it difficult for PEAH and the Agrarian Bank to stimulate crop substitution through financial assistance and agricultural credits to farmers. Although the marginal land could be used for fruit trees and pasturelands, it will require extensive effort to survey the areas and to develop their agricultural potential.
- Tension between Peruvian military units operating in the emergency zone<sup>2</sup> and the Civil Guard has

<sup>2</sup> An area placed under military control in August 1984 to curtail activities of the Sendero Luminoso insurgents. [redacted]

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The depressed Peruvian economy also contributes to the dominance of the coca trade in local and regional economies, reinforcing the government's caution about pursuing a vigorous antinarcotics strategy in the country's coca-growing areas. The thriving narcotics trade is bringing unprecedented prosperity to many heretofore poverty-stricken campesinos. We estimate that more than 100,000 peasant families are cultivating the coca plant, which gives them profits that substantially raise their standard of living and allows them to become economic consumers for the first time. Government leaders know they lack the resources to cushion the economic impact of a shut-down of the coca trade and therefore would be especially vulnerable to the almost certain political backlash that would result [redacted]

**Societal Attitudes.** The tendency of many Peruvians to discount the seriousness of the drug problem works to the traffickers' advantage. Coca cultivation and consumption have deep-seated cultural and legal roots in Peruvian society. Archeological investigations indicate that the coca bush has been systematically cultivated for more than 3,000 years. Native laborers chew the coca leaf or brew it into tea to ward off cold, hunger, and fatigue. Use of the leaf also is a normal part of many important ceremonial events, such as weddings and religious festivals, where it is considered courteous to offer visitors coca leaf to chew. The US Embassy reports that more than 3 million Peruvians chew coca leaves daily, and we estimate that they consume some 44,000 tons in this manner each year. The custom is legal and received official government sanction in 1969 with the creation of a state entity to regulate the production, processing, and marketing of coca. [redacted]

Public acceptance of the traditional use of coca fosters a similar attitude toward the country's illicit drug industry, according to the US Embassy.<sup>3</sup> Many Peruvians contend that the illegal drug trade is primarily the result of US consumer demand and that Washington should focus on eliminating the cocaine market in the United States rather than "persecuting" Peruvian coca farmers. [redacted]

<sup>3</sup> See appendix B for indications that the Peruvians are also growing opium poppies [redacted]

Despite Peruvian perceptions, increasing domestic drug use is contributing to the growth of the country's illicit cocaine industry. Although drug addiction has only become a problem in Peru over the last 10 years, the US Embassy reports it is fast approaching epidemic proportions. Smoking of coca paste probably is the most popular method currently employed. [redacted]

[redacted] as many as 100,000 people in Lima alone, including some 14,000 schoolchildren, may regularly smoke cigarettes laced with paste. The Embassy notes, however, that many educated Peruvians still consider drug addiction a lower-class problem and do little to support systematic drug control and rehabilitation programs. This attitude helps account for the absence of a sense of public outrage, which is essential to create a climate in which thorough and sustained government control programs are possible [redacted]

**Trafficker Power.** Peru's illicit drug dealers use a combination of violence and corruption to blunt government initiatives against them. For example, increasing violence in the Upper Huallaga River Valley area over the last several months has led to the resignation of large numbers of local officials and created a virtual vacuum of effective authority. Attacks on USAID facilities and personnel have forced many of the projects to suspend operations. The most serious of these actions occurred in November 1984, when 19 workers involved in government coca control programs were killed, and in February 1985, when 16 peasants were killed in the Upper Huallaga River Valley. In both cases, the assailants tried to make the assault look like an insurgent-inspired incident. Army officers stationed in the area are convinced the November killings were the work of narcotics traffickers. The second incident coincided with a visit to the region by US Embassy officers and Peruvian drug enforcement officials. In both cases, coca eradication efforts were suspended. [redacted]

The drug traffickers routinely use their profits to purchase official protection for their operations. The US Embassy notes that such narcotics-related corruption is widespread and reaches to high levels of

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Peruvian public and private institutions. Persons arrested for complicity in drug trafficking in recent years have included doctors, senior police officials, a prominent member of the Chamber of Deputies, and the president of the Board of Directors of the national airline. Embassy informants have implicated more than a dozen senators and deputies in some aspect of the illegal drug business. [redacted]

Drug graft probably is greatest among low- to middle-range public functionaries. Traffickers have been especially successful in suborning officials in the judiciary and law enforcement agencies where low pay and prestige, coupled with a longstanding susceptibility to influence peddling, make judges and police officers prime targets. [redacted]

[redacted] some corrupt police officials have tampered with evidence or "lost" arrest reports to aid traffickers. Others have directly participated in the industry by extorting money from coca growers or by selling confiscated coca paste. [redacted]

The US Embassy reports that drug offenders are seldom arrested and are convicted even less frequently. It is too soon to tell if the recent conviction and harsh sentence handed down against Carlos Langberg for his drug trafficking activity signal a change in the pattern. [redacted] appointments of drug traffickers' lawyers to the bench in the provincial court system. Narcotics-related corruption also benefits those few criminals who are convicted and sent to prison. According to press accounts, major dealers often live in luxury, moving freely in and out of jail while continuing to conduct [redacted] business affairs. [redacted]

**Military Reluctance.** Peru's military, the only institution with the resources and capability to combat drug traffickers and seriously disrupt their operations, steadfastly has refused to play a significant role in the antinarcotics struggle, preferring to concentrate on its traditional military role. The military high command fears that poorly paid enlisted men and officers will fall prey to the payoffs and corruption that usually accompany involvement in narcotics enforcement. This concern is apparently well founded; incidents of drug-related military graft already routinely occur even though the military has not been actively combating the drug industry. [redacted]

the unit assigned to the 5th military region in Iquitos—a major trafficking area—is famous for its high-level involvement in drug graft. [redacted]

The armed forces had to send more than 1,200 troops to the Upper Huallaga River Valley coca-producing region last August when the insurgent Sendero Luminoso opened a new operational front there. For the first time, the military dealt simultaneously with both guerrillas and traffickers. [redacted]

[redacted] the military decided early in the campaign to concentrate its operations exclusively against the insurgents. Further underscoring the military's reluctance to assume a major role in the antinarcotics effort, the high command [redacted] wanted to begin a phased withdrawal of troops from the Upper Huallaga River Valley area by the end of November. [redacted]

The November attack on the CORAH camp upset the withdrawal timetable. Apparently stung by intimations that Army restrictions on UMOPAR left the CORAH workers unprotected, the three service chiefs recently decided, according to the US defense attache, to send troops against the traffickers. [redacted]

[redacted] the commander of the region has postponed indefinitely any troop drawdowns. We conclude these actions are a short-term response to the furor generated by the CORAH incident. When public attention fades, we expect the military to reduce its forces in the region to battalion size and return the antinarcotics fight to the police. [redacted]

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#### Outlook

In our view, it is unlikely that President Belaunde will implement any major, new antinarcotics initiatives—such as an aerial herbicidal spray campaign against coca plants—or reduce current government efforts before he leaves office in July. Although the latest polls give the President's party little chance of winning the contest, the administration will want to avoid any controversial moves that might further weaken its candidate's prospects. Any real chances of curbing the drug trade lie with the successor. [redacted]

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25X1 *The Next Administration.* The current front-runner to succeed Belaunde in office—Alan Garcia of the center-left American Popular Revolutionary Alliance (APRA)—appears genuinely concerned about the illicit narcotics problem, according to the US Embassy. Garcia already has called for a national campaign against drugs and urged university and secondary school students to abstain from drug use. [redacted]

25X1 [redacted] Garcia has threatened to disqualify party candidates found to be involved with the drug industry and has exhorted party members to use the campaign to emphasize APRA's opposition to the production, sale, or use of illicit narcotics. [redacted]

25X1 Garcia has assured US officials that if elected he would continue bilateral cooperation in narcotics control. Despite stiff opposition from traffickers, we expect Garcia could successfully implement two new counternarcotics measures he has proposed:

- An immediate investigation of all government anti-narcotics organizations and projects, which Garcia believes are the principal factors hampering the government's war on drugs.
- A law containing harsher penalties for use and trafficking, as well as provisions for drug prevention, education, and rehabilitation [redacted]

25X1 The third part of Garcia's proposed narcotics control program is designed to deemphasize crop eradication and enforcement in favor of land reform and crop substitution. This policy will be more difficult to implement. Under this plan, the government would try to entice coca farmers to migrate to areas more suited to the cultivation of legal crops by offering to supply financial and technical assistance through local farm cooperatives. This ambitious undertaking would require substantial funds and other assistance from international agencies or foreign governments. In addition to the problem of obtaining the financial and organizational resources required, we judge that few farmers would participate in such a program without the threat of strong enforcement and eradication measure [redacted]

25X1 Other areas where Garcia might be willing to launch new initiatives include efforts to reduce some of the bureaucratic rivalries that impede the effectiveness of government-sponsored antinarcotics efforts. He might

also be amenable to inaugurating a public relations program depicting the negative consequences of domestic drug abuse [redacted] 25X1

Garcia's strongest challenger for the presidency—Alfonso Barrantes of the Marxist-dominated United Left (IU) coalition—has devoted less attention to the drug issue. Representatives of his coalition have asked the US Embassy in Lima for materials on addiction and drug trafficking, and an IU-supported newspaper has published editorials stressing that coca-paste smoking is injurious to Peruvian youth. We conclude, however, that a Barrantes administration would be far less cooperative on bilateral antinarcotics projects than a Garcia government. In our view, the extreme leftist orientation of the United Left would probably cause it to reject all but the most innocuous US suggestions on the grounds of "imperialist meddling" in Peru's internal affairs [redacted] 25X1

Regardless of which candidate wins the election, Lima will look to Washington for financial assistance in combating the traffickers. Without foreign assistance Peru will be hard pressed to make any headway against the entrenched narcotics industry. APRA leaders already have asked the US Embassy about aid levels for narcotics control for 1985 and 1986. The narcotics issue will continue to loom large in US-Peruvian relations, and we agree with the US Embassy's assessment that Washington's response to pleas for increased financial aid will help set the tone for bilateral ties to whatever government takes power in July. [redacted] 25X1

*Impetus for Change.* We believe that only a dramatic development could force Lima to reorder its priorities and commit substantial resources to narcotics control. Peruvian leaders and the public are not yet persuaded that the narcotics industry poses a serious domestic threat, particularly when compared with the insurgent challenge and deepening economic difficulties. The antinarcotics effort would become a higher priority for Peruvian leaders if drug abuse among the children of the elite intensifies or if traffickers begin to gain

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control of provincial administrative and financial institutions. Another—and probably more likely—catalyst, in the near term, would be increased violence by traffickers against civilian government officials. As in Colombia, the assassination of a public figure closely identified with a struggle against narcotics could harden public perceptions—and government determination—overnight. At present, however, no such public crusaders exist, and most violence is directed at low-level workers or law enforcement personnel [ ]

Another development that could quickly cause both the government and military to move strongly against the drug trade would be discovery of a working arrangement between the traffickers and the Sendero Luminoso guerrillas. Available evidence indicates that such links do not currently exist. The commander of the second military region—whose area of responsibility includes the emergency zone in the Upper Huallaga River Valley region—told the US defense attache that, although both groups are active in the same territory, they operate on a noncoexistence basis [ ] 25X1 25X1

This lack of contact between the guerrillas and the traffickers does not preclude future cooperation. [ ] Sendero Luminoso leader Abimael Guzman last year instructed his subordinates to avoid any involvement with the illicit narcotics trade but refused to discount completely the possibility of future cooperation. He reportedly acknowledged that the drug dealers and the insurgents have a common enemy in the police and that Sendero Luminoso might someday [ ] 25X1 arms from the traffickers.

Guzman's ability to dictate Sendero Luminoso policy toward the drug trade depends on his ability to maintain tight authority over the guerrilla organization. Lower level insurgent leaders who want to improve the organization's armament and logistic shortcomings may be willing to enter into private arrangements with drug traffickers in their operational areas without Guzman's approval. [ ]

[ ]  
Future insurgent involvement in drug trafficking

could be direct—cultivating, processing, and trafficking of coca—or indirect—protecting trafficking operations in exchange for arms or money. We believe that, as the Sendero Luminoso expands its membership and base of operations, the chances will grow for its participation in such activities [ ] 25X1

In our view, evidence of Sendero Luminoso's complicity in large-scale drug trafficking would force the government to respond forcefully by expanding the antinarcotics effort and by involving the military directly. At a minimum, the government probably would implement a major interdiction and eradication campaign to disrupt the traffickers' most profitable operations and deny funds to the terrorists. The military—fearful that an alliance between the insurgents and the traffickers would fund a major upgrade of Sendero Luminoso's weapons arsenal—probably would willingly take the lead in a stepped-up antinarcotics push. [ ] 25X1

**A Realistic Approach.** The Peruvian Government could take a number of low-risk and inexpensive steps that would result in some meaningful progress in curtailing the drug trade. Experience in the administration of other drug control programs indicates that the following programs might help Peru keep the traffickers off balance. [ ] 25X1 conditions permit a more intensive effort:

- Additional resources, such as communications equipment, four-wheel-drive vehicles, helicopters, aircraft, and an increased radar capability—coupled with better training and more efficient use of existing equipment—would greatly enhance government enforcement efforts. Much of this equipment could be obtained from property and funds confiscated from drug traffickers.
- The creation of additional UMOPAR units stationed throughout the major growing regions would increase the risk of interdiction to traffickers, prevent traffickers from establishing permanent and secure facilities—keeping them from getting the time needed to develop more efficient processing procedures—and provide the permanent police presence essential to drug control. The assignment of drug abuse information specialists to these units would give them an added dimension.

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- The government could mitigate the bureaucratic rivalries and lessen the police-military tension that has plagued Peru's drug control programs through judicious appointments, some organizational restructuring, and strong presidential leadership. Selection of personnel from nongrowing areas to head the drug control agencies would reduce the risk of corruption. Creation of a joint police-military task force on drugs would foster greater interservice cooperation and break down traditional barriers. The President also could establish a national commission on drugs made up of influential members of Peruvian society to act as an advisory body on drug policy.
- More aggressive and selective enforcement operations by Peruvian authorities, such as targeting major traffickers and periodically conducting intensive sweep operations in areas of heavy trafficking activity, could better use limited resources and achieve greater results than a blanket approach. Assigning US drug enforcement personnel as advisors to police field units would raise the professionalism of the units and ensure a uniform approach to drug investigations. A higher pay scale and faster promotions for police assigned to drug enforcement duties would help attract more qualified personnel and increase morale.

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## Appendix A

### Estimating Peruvian Coca: Implications for Control

Past analyses of Peru's coca crop were based on estimates of 40,000 to 60,000 hectares under coca cultivation. The data for these estimates were obtained through random field observations conducted by various US and Peruvian officials. We now conclude that these previous estimates vastly understate the extent of coca cultivation in Peru and that cultivation has been steadily expanding for several years, undoubtedly in response to the rapid growth in world demand for cocaine. [REDACTED] 25X1

In 1984 the Peruvian Government officially recognized the increase in cultivation and raised its own estimate to 130,000 hectares. [REDACTED]

Peru's coca cultivation zones places the number of hectares even higher, about 180,000. [REDACTED]

[REDACTED] we conclude that total hectareage is at least 150,000. Our estimate is based on analysis of aerial photography acquired in fall 1984, which clearly shows a dramatic expansion of cultivation in the Upper Huallaga River Valley. [REDACTED]

Little good data are available on coca leaf yields, primarily because the plant is a perennial that can be harvested up to four times a year. [REDACTED] coca fields throughout Peru and estimated yields obtained in each department. [REDACTED] average nationwide about 1 ton per hectare per year, about the same as the leaf yields used in the past to calculate Peruvian coca estimates. [REDACTED]

Using 150,000 hectares as a convenient midpoint for total coca hectareage and a 1-ton-per-hectare yield, Peru's annual coca leaf crop would be about 150,000 tons. An annual harvest of this size would, under ideal conditions, yield about 340 tons of pure cocaine hydrochloride. We have no indication that this amount of cocaine enters the world market nor can we find any indications within Peru that this much cocaine is being processed. [REDACTED]

We conclude that Peru's coca harvest probably nets about 100 tons of cocaine because Peruvian traffickers use inefficient methods of drying and storing leaf—the most important steps in determining the quality and quantity of cocaine. Leaves should be dried in the sun and stored under low humidity at temperatures less than 18 degrees centigrade to retain maximum cocaine content. In many parts of Peru, leaves are not dried properly and are stored in crude facilities under high humidity, conditions that could cause loss of the leaves' entire cocaine content within two months after harvesting. Most coca paste, the next product in the cocaine chain, is also refined and stored under crude conditions, and we believe equally high loss rates occur during this stage. Our expert source, on the basis of his observations throughout Peru, believes 60 to 80 percent of the cocaine content in Peru's coca harvest is lost by the time processing from leaf to base is complete. Using a 70-percent loss rate as an average, and after reductions for domestic leaf consumption and interdiction losses, we estimate Peru's leaf harvest ultimately yields about 100 tons of cocaine hydrochloride. [REDACTED] 25X1

This analysis of Peru's coca cultivation and cocaine production is based on a limited amount of imagery and on information provided by only one source. We hope to increase our knowledge of conditions next year through a more systematic use of imagery, field observations, and research on processing losses. Analysis thus far, however, highlights two important aspects of Peru's coca industry. First, cultivation is far more extensive than previously believed and is spreading rapidly. Land clearing in coca-growing areas is proceeding at an alarmingly high rate and this land, when cleared, is almost certainly destined for coca planting. Second, inefficient processing by Peruvian growers and traffickers has mitigated the consequences of the rapid growth of cultivation. Peru's coca

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growers are already demonstrating a facility to improve rapidly their cultivation techniques—better varieties, faster growth through improved propagation methods, and cultivation under canopy. If similar improvements are made in storage and processing, Peru could flood the market with cocaine [redacted]

The implications of this analysis suggest that, given Peru's resource limitations, manual eradication and crop substitution programs may not be the most effective methods of controlling the coca trade. Cultivation is too extensive and spreading too rapidly; a large number of fields must be eradicated before there is any significant impact on cocaine production. An aerial spray program offers the only hope of eradicating the amount of leaf necessary to significantly reduce Peruvian cocaine production [redacted] 25X1

Peru's interdiction efforts, on the other hand, may be having more of an impact on cocaine output than previously believed [redacted] fear of interdiction as one of the major reasons Peruvian growers resort to such hasty and inefficient storage and processing techniques. Stepped-up interdiction could also prevent growers from successfully incorporating the more efficient processing technologies that could reduce the current high rates of cocaine loss. The Peruvians should continue to focus their interdiction efforts during the dry season—when storage and processing losses are lower and cocaine content higher—and concentrate on the paste rather than on the leaf. Seizure of even small amounts of paste, because of its higher cocaine content, could significantly reduce cocaine availability; the 40 tons of leaf seized last year reduced cocaine availability by only 26 kilograms [redacted]

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**Peru: Cocaine Production, 1984**

Metric tons

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	Estimated Range		
	Low	Middle	High
<b>Coca leaf produced</b>	<b>130,000</b>	<b>150,000</b>	<b>180,000</b>
Domestic consumption (40 grams per day for 3 million users)	44,000	44,000	44,000
Leaf eradicated	4,000	4,000	4,000
Leaf seized	40	40	40
<b>Net leaf produced</b>	<b>81,960</b>	<b>101,960</b>	<b>131,960</b>
<b>Maximum potential paste production (100 to 1 conversion ratio)</b>	<b>820</b>	<b>1,020</b>	<b>1,320</b>
Paste seized	3	3	3
<b>Net paste available for conversion to cocaine hydrochloride</b>	<b>817</b>	<b>1,017</b>	<b>1,317</b>
<b>Maximum potential base (3 to 1 conversion ratio)</b>	<b>270</b>	<b>340</b>	<b>440</b>
Cocaine content lost due to inefficient processing (70 percent)	190	240	310
<b>Net cocaine hydrochloride available after losses</b>			
Cocaine seized by Peruvian authorities, cocaine consumed in Peru	NEGL	NEGL	NEGL
<b>Net cocaine available for world market from Peru</b>	<b>80</b>	<b>100</b>	<b>130</b>

Note: There are no statistics on the amount of paste converted to cocaine in Peru.

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**Appendix B****Opium Cultivation:  
The Next Step?**

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[redacted] Peruvians are also cultivating the opium poppy. During the mid-1970s, descendants of oriental immigrants smoked opium reportedly produced from poppies grown in Cajamarca Department. [redacted]

We do not expect Peru or other countries in the Andes to become significant suppliers of opium to the world market. Peruvian farmers know little about cultivating poppies and even less about the extraction and processing of the opium gum. [redacted]

[redacted] 21 hectares of opium poppy were identified in an area of the middle Huallaga River Valley of San Martin Department. These fields may be a remnant of earlier cultivation established to supply Peru's domestic opium market. We are concerned, however, that they could represent an experiment initiated by Colombian trafficking organizations known to possess opium seeds—to test the market and profitability of opium cultivation. [redacted]

[redacted] are having difficulty establishing an effective collection and purchasing system, causing the cash-poor farmers to store their crop of opium for excessive periods of time. Even if cultivation and processing techniques improve dramatically, South American traffickers would face a long struggle to carve a niche in the marketplace [redacted]

Entering the opium or heroin trade is a logical move for established South American trafficking organizations. Environmental conditions in the Andes are suitable for cultivation—opium poppies were grown in Ecuador and Colombia during the 1940s to produce morphine after Turkish sources were disrupted by World War II. The physical infrastructure and marketing networks needed to move opiates to foreign markets is in place, and opiates represent a potentially profitable addition to the drug traffickers' marijuana and cocaine activities. Colombian cocaine trafficking syndicates, who have vertically integrated their operations and established distribution networks in foreign markets, show indications of wanting to move into the opium trade. In 1984 Colombian police discovered 35,000 opium poppy plants in two remote valleys. The recent increase by Colombians in cocaine trafficking through Mexico could provide access to Mexican knowledge on cultivation and processing of heroin.

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**Figure 6**  
**Peruvian Airfields and Ports**



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